Downgrading of India's Sovereign Credit Rating

1006. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the international credit rating agency Standard and Poor has downgraded India's sovereign credit rating to Double-B from Double-13 plus;

(b) if so, what is its effect on our economy; and;

(c) the steps taken by Government to check the adverse impact due to downgrading?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes Sir. M/s. Standard & Poor's has downgraded India's soverign credit rating to BB (Double-B) from BB+ (Double-B plus).

(b) Credit rating is one of the several parameters which go into investment decision of the foreign investors.

(c) Government policies are directed to enhance the investment flow as well as credit rating of the sovereign.

Attractive Package for Foreign Investors

1007. SHRI K. M. KHAN:Will the Minister of FINANCE be pleased to state:

(a) whether Government have offered some attractive package for foreign investors including NRIs in recent past;

(b) if so, the details thereof with circumstances responsible for such an offer;

(c) whether some objectives are to be achieved from these offers;

(d) whether Government have drawn up any programme to utilise part of such investment in Andhra Pradesh for development of infrastructure of the State; and

(e) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA); (a) to (e) Government as part of the ongoing liberalisation process, have taken several measures to encourage NRI investment in the Indian Companies. Some of the recent initiatives include enhancement of the portfolio investment ceiling for NRIs, simplification of approval mechanism for investments through capital market Liberalisation of norms of NRI investment in the health services etc. To address the economic challenges arising out of sanctions, a specialised Bond Scheme named 'Resurgent India Bonds' with a tenure of 5 years was floated by the State Bank of India for subscription exclusively by NRIs and OCBs. An amount of US$ 4.16 Billion has been mobilised, which is primarily intended for financing the infrastructure projects throughout the country.

Trends in Wholesale Price Index

1008. MISS SAROJ KHAPARDE: Will the Minister of FINANCE be pleased to state:

(a) the trends in the wholesale price index vis-a-vis Consumer Price Index during the last six months, month-wise;

(b) how they compare with those prevailing in 1996 and 1997;

(c) the reasons for rise in prices; and

(d) the details of measures taken by Government to control the rise in prices?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The price trends during the six month period May—October for the years 1996, 1997 and 1998 is listed below:

	Annual % Increase in WPI			Annual % Increase in CPI		
	1996	1997	1998	1996	1997	1998
May	4.5	5.8	6.6	9.3	7.3	10.5
Jun	4.5	5.7	7.5	8.8	6.6	12.4
July	6.0	4.0	8.3	8.3	5.6	14.8

	1996	1997	1998	1996	1997	1998
Aug	6.2	3.7	8.3	8.9	4.7	15.0
Sep	6.5	3.8	8.1	8.5	4.9	16.3
Oct	6.6	4.4	8.2	8.5	5.5	18.6

(c) This year's seasonal price rise has been much too high on account of two set backs affecting production and market arrivals. The first seasonal set back caused due to intense heat wave casualties in May-June, 1998, causing moisture stress to the standing vegetable and fruit crops. The second seasonal set back occurred due to excessive post monsoon rainfall in late September-October, 1998, disrupting harvest schedule and supplies.

(d) A number of policy initiatives have been taken by the Government to check the rise in prices. State Governments were requested to take action against hoarders, black marketeers, anti-social elements. Government has reduced duty on import of edible oils from 25% to 15%. To moderate further the prices of edible oils, Govt. itself is importing 1.5 lakh tonnes of edible oil for supply through PDS. Imports of pulses are allowed under OGL and export has been banned, and import duty of 10% on pulses has been abolished. Export of onions has been banned and its import has been allowed under OGL duty free to increase domestic availability. Open market sale of wheat from FCI stocks has been authorised.

Kar Vivad Samadhan Scheme

1009. KUMARI NIRMALA DESHPANDE: Will the Minister of FINANCE be pleased to state:

(a) whether Government have launched a Kar Vivad Samadhan Scheme for dealing with a large number of litigation cases and huge amount of tax arrears blocked in customs and Central Excise;

(b) if so, the details of the Scheme and recovery target set through settling pending cases;

(c) what is the latest achievement under the scheme;

(d) the details of measures proposed to ensure that tax litigation cases do not get piled up to alarming proportion in future and disposal procedure is simplified and time bound; and

(e) the details of other reforms under consideration to check tax evasion and for expeditious tax recovery?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) Yes, Sir.

(b) Salient features of the Scheme are as follows:—

(i) The Scheme which is operational for the period 1.9.98 to 31.12.98 basically seeks to settle certain categories of pending tax arreas of Customs and Central Excise duties in dispute, if the concerned person pays up an amount as provided in the Scheme. The scheme is applicable to all the cases where the amount of duties (including drawback of duty, credit of duty or any amount representing duty) cesses, fine, penalty or interest, determined as due and payable, as on 31.3.98, but which is remaining unpaid on the date of declaration. The scheme is also applicable to all the cases of tax arrear where the show cause notice or a demand notice was issued on or before 31.3.98 but remaining unpaid on the date of making a declaration.

(ii) The declarant is entitled to settle the case under the scheme on payment of 50% of the duty or cess due and payable on the day of the declaration; penalty, fine, or interest, if any, due and payable shall be waived in full. However, in a case where no duty or cess is involved in declarant will have to pay 50% of such fine, penalty or interest in arrears. Further, the declarant is also entitled to grant of immunity from prosecution in the said case covered under the declaration.